

# THE MORTGAGE

THE HOME BUYING PROCESS



# HOME LOAN VOCABULARY

- Mortgage
- Conventional Mortgage (Fixed Rate)
- Adjustable-Rate Mortgage
- Down Payment
- Principal
- Interest/APR
- Maturity Value
- Closing Costs
- Amortization
- Monthly Payment
- Loan Term
- Lease
- PMI
- Equity
- Escrow



# HOW MUCH CAN I BORROW?



Expense to Income Ratio - 28%

Debt to Income Ratio - 36%

# CONVENTIONAL MORTGAGE

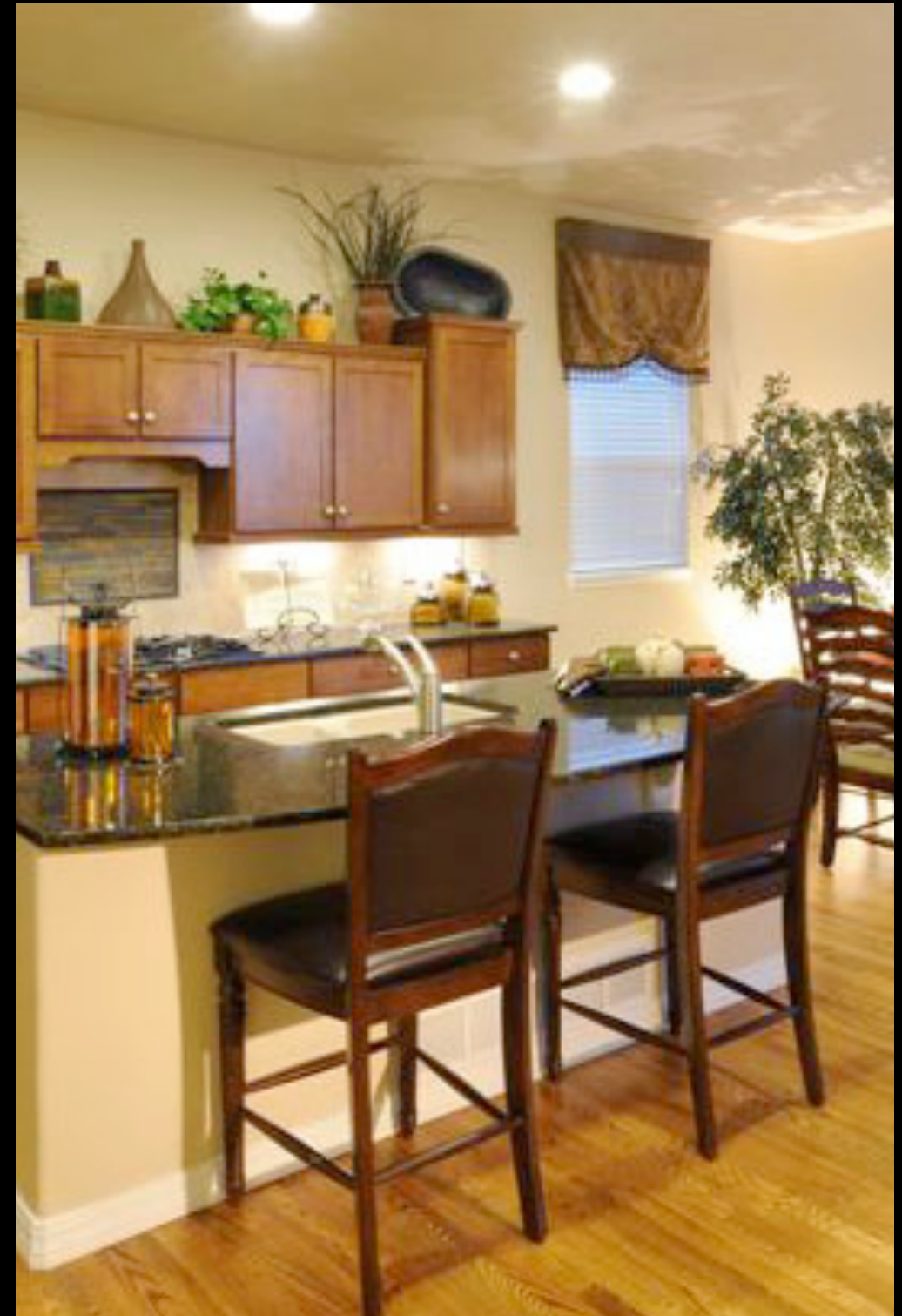
- Interest Rate - Consistent
- Terms - 30, 20, 15 years
- 20% Down Payment avoids PMI (Mortgage Insurance)
- Minimum 5% Down
- Refinancing more Available
- Borrowing Limits





# ADJUSTABLE-RATE MORTGAGE

- Interest Rate - Stays the same for first 3, 5, 7 or 10 years
  - Then Variable Rates
- Term - 30 years
- 20% Down Payment avoids PMI (Mortgage Insurance)
- Minimum 5% Down
- Borrowing Limits
- Benefits and Disadvantages



# ASSOCIATED COSTS OF A MORTGAGE



**- Private Mortgage Insurance**

**- Closing Costs - 2-5% of loan**

**- Escrow (Accounts)**

Property Taxes - County

Homeowners Insurance



# THINGS TO KNOW.....



Home Equity

Value of Ownership

Credit Score

Higher Scores offer lower rates  
(740)

Association Fees

Pay Fees for Maintenance and  
upkeep.

\*Development/Condos/Townhouse



# How to Lower the Cost of a Home Loan







# Refinancing a Home